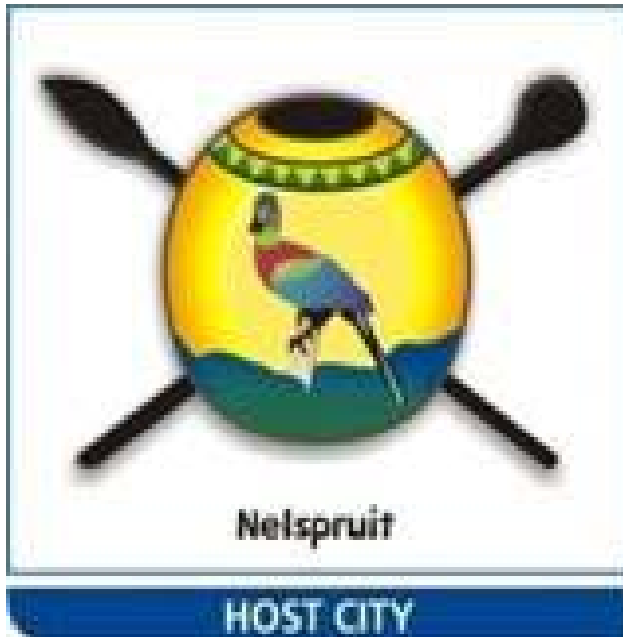




## **MBOMBELA LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**MBOMBELA LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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## MBOMBELA LOCAL MUNICIPALITY

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

#### REGISTERED OFFICE

CIVIC CENTRE  
1 NEL STREET  
NELSPRUIT  
SOUTH AFRICA

#### POSTAL ADDRESS

P O BOX 45  
NELSPRUIT  
1200

TELEPHONE NUMBER +27 13 759-9111

FAX NUMBER +27 13 759-2002

WEBSITE ADDRESS: [www.mbombela.gov.za](http://www.mbombela.gov.za)

#### GRADING OF LOCAL AUTHORITY

GRADE 9

#### AUDITORS

THE AUDITOR- GENERAL

#### BANKERS

ABSA BANK NELSPRUIT

#### COUNCILLORS

##### MEMBERS OF THE MAYORAL COMMITTEE & THEIR PORTFOLIOS

Rev. M Nthali	Speaker
Clr L Chiwayo	Executive Mayor
Clr C N Ndlovu	Executive Deputy Mayor - Financial Services
Clr M W Nkosi	Chief Whip
Clr E M Dludlu	Member of Mayoral Committee - City Planning and Development Services
Clr T V Ndlala	Member of Mayoral Committee - Economic and Tourism Development
Clr J V Sambo	Member of Mayoral Committee - Community Development Services
Clr Z J Mokoena	Member of Mayoral Committee - Corporate Services
Clr M J Msibi	Member of Mayoral Committee - Rural Development, Traditional Affairs, Projects, Transversal Services and Youth

##### WARD COUNCILLORS

<u>Councillor</u>	<u>Ward</u>	<u>Councillor</u>	<u>Ward</u>
Clr E M Khoza	1	Clr M E Banda	19
Clr T R Sgudla	2	Clr G S Siwela	20
Clr L E Nyalunga	3	Clr S S Lukhele	21
Clr T M Manana	4	Clr B P Maseko	22
Clr N M Mashabane	5	Clr T E Nkosi	23
Clr H K Malomane	6	Clr T F Nkosi	24
Clr J V Sambo	7	Clr N B Matume	25
Clr M M Mlimi	8	Clr M S Dube	26
Clr C G Mokoena	9	Clr Z L Mandlazi	27
Clr M A Ngwenyama	10	Clr H L Lekhuleni	28
Clr F G Mbuyane	11	Clr M J Msibi	29
Clr M C Mafutha	12	Clr C J M Pienaar	30
Clr N L Mkhwanazi	13	Clr N L Mabunda	31
Clr M D Mnisi	14	Clr M O Mathebula	32
Clr F Lange	15	Clr A B Mashabane	33
Clr C J Booyens	16	Clr J M Mbazo	34
Clr T M Charles	17	Clr S G Chiloane	35
Clr W A Mona	18	Clr T J Milazi	36

##### COUNCILLORS, PROPORTIONAL

Clr A A Ndowane	Clr N A Mokoena
Clr V Nkosi	Clr S D Mboshane
Clr C Maseko	Clr S R Mdluli
Clr C Mathaba	Clr S R Schormann
Clr D P C Tau	Clr S T Luthuli
Clr S B Mdluli	Clr S Zwane

Clr F H J Siboza  
Clr F P Nkala  
Clr G C de Bruin  
Clr J D Nkosi  
Clr J Koster  
Clr J M Khumalo  
Clr J Sidell  
Clr M J Mwali

Clr T C Simelani  
Clr T K Mabilane  
Clr T N Sifunda  
Clr V B Mlimi  
Clr V A Mdluli  
Clr V M Mathebula  
Clr W N Murphy  
Clr Z M Boroko

## RESIGNATIONS, TERMINATIONS AND DEATHS

### COUNCILLORS:

Clr J M Mohlala	Death
Clr C D Mac Pherson	Resigned
Clr E N Sambo	Resigned

### AUDIT AND PERFORMANCE AUDIT COMMITTEE

Prof MJ Maseko	Chairman
A Keyser	Member
O Mhlabane (Ms)	Member
S Cousins	Member
B Bando (Ms)	Member    Resigned

### ACTING MUNICIPAL MANAGER

	<b>Mr FS Siboza</b>
Telephone	(013) 759 2557
E-Mail Address	<a href="mailto:sganandas@mbombela.gov.za">sganandas@mbombela.gov.za</a>

### CHIEF FINANCIAL OFFICER

	<b>Ms NT Mthembu</b>
Telephone	(013) 759-2005
E-Mail Address	<a href="mailto:norahm@mbombela.gov.za">norahm@mbombela.gov.za</a>

### GENERAL MANAGER TECHNICAL SERVICES

	<b>Mr ND Malokela</b>
Telephone	(013) 759 2311
E-Mail Address	<a href="mailto:ntsose.malokela@mbombela.gov.za">ntsose.malokela@mbombela.gov.za</a>

### GENERAL MANAGER COMMUNITY SERVICES

	<b>Mr R Matola</b>
Telephone	(013) 759 2140
E-Mail Address	<a href="mailto:rasheed.matola@mbombela.gov.za">rasheed.matola@mbombela.gov.za</a>

### GENERAL MANAGER CORPORATE SERVICES

	<b>Mr J Ngobeni</b>
Telephone	(013) 759 2040
E-Mail Address	<a href="mailto:jasper.ngobeni@mbombela.gov.za">jasper.ngobeni@mbombela.gov.za</a>

### LIBRARIES

Hazyview	(013) 737 7220
Kabokweni	(013) 796 1082
Matsulu	(013) 778 9864
Nelspruit	(013) 759 2077
Nelsville	(013) 755 4788
Victory Park	(013) 759 2089
White River	(013) 750 9125

### ENQUIRIES

Building Plans	(013) 759 2184
Electricity	(013) 759 2231
Water & Sewerage	(013) 752 2580
Consumers	(013) 759 2025 / 2064

### PAY POINTS

White River	(013) 751 1176
KaNyamazane	(013) 794 1254
Matsulu	(013) 778 9061
Kabokweni	(013) 796 0227
Hazyview	(013) 737 7346
Nelspruit Civic Centre	(013) 759 2025 / 2064

**MBOMBELA LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**APPROVAL AND CERTIFICATION**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 41, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**Mrs N T Mthembu**  
**Chief Financial Officer**  
31 August 2009

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**Mr F S Siboza**  
**Acting Municipal Manager**  
31 August 2009

**MBOMBELA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009**

		2009	2008
	Note	R	R
<b>NET ASSETS &amp; LIABILITIES</b>			
<b>Net Assets</b>		<b>1 920 091 236</b>	<b>1 332 030 292</b>
Housing development fund	2	0	1 841 730
Reserves		1 653 933 778	1 102 859 146
Capital replacement reserve		1 841 730	65 288 503
Capitalisation reserve		237 166 751	208 468 930
Government grant reserve		1 399 083 811	820 718 871
Self-insurance reserve		15 695 546	8 360 067
COVID reserve		145 940	22 775
Accumulated surplus/(deficit)		266 157 457	227 329 416
<b>Non-current liabilities</b>		<b>67 816 554</b>	<b>76 413 749</b>
Interest bearing borrowings	3	58 739 268	66 868 249
Finance Lease	3	59 320	0
Consumer deposits	3.1	9 017 967	9 545 500
<b>Current liabilities</b>		<b>604 804 320</b>	<b>396 599 804</b>
Consumer deposits	3.1	1 642 315	5 567 931
Trade and other payables	4	181 188 029	146 386 250
Unspent conditional grants and receipts	5	414 184 801	235 055 776
Interest bearing borrowings	3	7 789 175	9 589 847
<b>Total Net Assets and Liabilities</b>		<b><u>2 592 712 110</u></b>	<b><u>1 805 043 845</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>1 963 229 559</b>	<b>1 272 803 682</b>
Property, plant & equipment	6	1 937 703 715	1 254 203 963
Intangible assets	7	4 255 986	0
Investment in municipal entities	8	0	0
Investment	11	20 017 416	17 684 242
Loans and receivables	10	1 252 442	915 477
<b>Current assets</b>		<b>629 482 551</b>	<b>532 240 163</b>
Inventories	12	13 758 630	13 405 688
Consumer debtors	9	46 879 833	51 028 825
Loans and other receivables	10	1 078 166	41 009 676
Cash and cash equivalents	13	567 765 922	426 795 974
<b>Total Assets</b>		<b><u>2 592 712 110</u></b>	<b><u>1 805 043 845</u></b>

**MBOMBELA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>REVENUE</b>			
Property rates	14	155 405 840	142 044 993
Service charges	15	296 933 941	238 400 272
Rental of facilities and equipment		1 595 756	1 932 194
Investment Revenue – external investments	18	41 267 409	30 121 700
Interest earned – outstanding debtors		30 810 293	16 390 889
Fines		4 556 526	3,384,898
Licenses and permits		4 605 117	2,257,573
Income from agency services		53 956 879	47 476 381
Government grants and subsidies received - operating	16	179 798 446	161 950 512
Government grants and subsidies received - capital	16	591 565 780	327 682 162
Public contributions, donated and contributed property, plant and equipment	17	6 233	-
Other revenue	19	35 498 458	31 363 375
<b>Total Revenue</b>		<b>1 396 000 677</b>	<b>1 003 004 949</b>
<b>EXPENDITURE</b>			
Employee related costs	20	237 354 742	192 370 414
Remuneration of councillors	21	13 810 817	12 821 440
Bad debts		102 296 729	35 391 827
Collection costs		248 089	785,842
Depreciation		39 725 915	35 820 927
Repairs and maintenance		90 258 714	64 672 085
Finance cost	22	9 346 168	10 885 051
Bulk purchases	23	175 523 060	115 647 254
Grants and subsidies paid	24	198 126	209 717
Contracted services		55 724 911	50 789 974
General expenses		138 913 459	112 576 784
Contributions to provisions		3 851 760	
Transfer from provisions		(4 287 233)	
<b>Total Expenditure</b>		<b>862 965 259</b>	<b>631 971 315</b>
<b>Sub-total</b>		<b>533 035 418</b>	<b>371 033 634</b>
<b>GAINS AND LOSSES</b>			
(Loss)/ Gain on sale of assets		(37,213)	1,489,395
<b>Net Gains and losses</b>		<b>(37,213)</b>	<b>1,489,395</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>532 998 205</b>	<b>372 523 029</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	COID	Self Insurance Reserve	Accumulated Surplus	Total
<b>Balance at 1 July 2007</b>	R -	R 88 718 310	R 214 425 729	R 503 393 463		R 7,342,815	R 146,342,541	R 960,222,858
Changes in accounting policy								-
Correction of error - reclassifications (note 25)	1 841 730	(1 841 730)			( 783)	( 779 656)	780 439	-
Correction of error - note 25							(1 674 222)	(1,674,222)
<b>Restated balance</b>	<b>1 841 730</b>	<b>86 876 580</b>	<b>214 425 729</b>	<b>503 393 463</b>	<b>( 783)</b>	<b>6 563 159</b>	<b>145 448 758</b>	<b>958 548 636</b>
<b>Changes in net-assets for 2008</b>								
Net surplus for the year							372 523 028	372 523 028
Previous years adjustments							34 043	34 043
Insurance expenditure recovered					( 13 322)	(3 512 349)	3 525 671	-
Transfer to CRR		12 678 681					(12 678 681)	-
Property, plant and equipment purchased		(34 266 758)					34 266 758	-
Capital grants used to purchase PPE				327 682 165			(327 682 165)	-
Disclosure corrections							1 739 068	1 739 068
Contributions to insurance reserve					36 880	5 309 257	(5 346 137)	-
Transfer to Housing Development Fund							( 814 483)	( 814 483)
Asset disposals								-
Offsetting of depreciation			(5 956 799)	(10 356 757)			16 313 556	-
<b>Balance at 30 June 2008</b>	<b>1 841 730</b>	<b>65 288 503</b>	<b>208 468 930</b>	<b>820 718 871</b>	<b>22 775</b>	<b>8 360 067</b>	<b>227 329 416</b>	<b>1332 030 292</b>
<b>Balance at 1 July 2008</b>								
<b>Correction of error (note 25)</b>								
<b>Restated balance</b>	<b>1 841 730</b>	<b>65 288 503</b>	<b>208 468 930</b>	<b>820 718 871</b>	<b>22 775</b>	<b>8 360 067</b>	<b>227 329 416</b>	<b>1332 030 292</b>
<b>Changes in net-assets for 2009</b>								
Pre-closure adjustment						780 438	780 438	<b>780 438</b>
GRAP Error Corrections							19 270 331	<b>19 036 944</b>
Net surplus for the year							532 998 205	<b>532 998 205</b>
Transfer to CRR	(1 841 730)	18 588 473					(16 746 743)	-
Property, plant and equipment purchased		(96 574 396)	34 266 759				96 574 396	<b>34 266 759</b>
Capital grants used to purchase PPE				591 565 780			(591 565 780)	-
Donated/contributed PPE							-	-
Contributions to insurance reserve					129 631	7 562 400	(7 720 791)	<b>( 28 760)</b>
Insurance claims processed					( 6 466)	(1 007 359)	1 007 359	<b>1 007 359</b>
Transfer from accumulated surplus		14 539 150					(14 539 150)	-
Offsetting of depreciation			(5 568 937)	(13 200 840)			18 769 777	-
<b>Balance at 30 June 2009</b>	<b>0</b>	<b>1 841 730</b>	<b>237 166 751</b>	<b>1 399 083 811</b>	<b>145 941</b>	<b>15 695 546</b>	<b>266 157 457</b>	<b>1 920 091 236</b>



**MBOMBELA LOCAL MUNICIPALITY**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and others		1621 981 078	1139 756 517
Cash paid to suppliers and employees		(771 462 748)	(597 435 373)
<b>Cash generated from / (utilized in) operations</b>	<b>26</b>	<b>850 518 331</b>	<b>542 321 144</b>
Interest received		41 267 409	30 121 700
Interest paid		(9 433 087)	(10 885 051)
<b>Net cash from operating activities</b>		<b>882 352 653</b>	<b>561 557 793</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(748 272 796)	(381 275 087)
Proceeds on disposal of property, plant and equipment			1 794 500
(Increase)/decrease in non-current receivables		( 336 965)	5 475 391
Decrease/(increase) in current investments		17 684 242	(2 540 281)
<b>Net cash used in investing activities</b>		<b>(730 925 519)</b>	<b>(376 545 477)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans		(9 929 653)	(9 573 271)
Increase/(decrease) in deposits		( 527 533)	-
<b>Net cash used in financing activities</b>		<b>(10 457 186)</b>	<b>(9 573 271)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>140 969 948</b>	<b>175 439 045</b>
Cash and cash equivalents at beginning of the year		426 795 974	251 356 929
Cash and cash equivalents at end of the year		567 765 922	426 795 974

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

**1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.  
GRAP 2: Cash flow statements.  
GRAP 3: Accounting policies, changes in accounting estimates and errors.  
GRAP 4: The effects of changes in foreign exchange transactions.  
GRAP 5: Borrowing costs.  
GRAP 6: Consolidated and separate financial statements.  
GRAP 7: Investments in associates.  
GRAP 8: Interests in joint ventures.  
GRAP 9: Revenue from exchange transactions.  
GRAP 10: Financial reporting in hyperinflationary economies  
GRAP 11: Construction contracts.  
GRAP 12: Inventories.  
GRAP 13: Leases.  
GRAP 14: Events after reporting date.  
GRAP 16: Investment property.  
GRAP 17: Property, plant and equipment.  
GRAP 19: Provisions, contingent liabilities, and contingent assets.  
GRAP 100: Non-current assets held for sale and discontinued operations.  
GRAP 101: Agriculture.  
GRAP 102: Intangible assets.

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

Specific areas where these significant estimation uncertainties as well as critical judgements and assumptions were made in the application of accounting policies with the most significant effect in the annual financial statements are included in the following notes:

Note 31: Provisions and contingencies  
Note 1.12: Valuation of financial instruments  
Note 1.17: Revenue

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.4 HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Proceeds from housing development fund schemes which include instalment sale of houses is recognised as revenue in the statement of financial performance and a corresponding transfer is made to the Fund.

Expenditure allowed in terms of the Housing Act is expensed in the Statement of Financial Performance and a corresponding transfer is made from the Fund.

**1.5 RESERVES**

**1.5.1 Capital Replacement Reserve (CRR)**

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account or investment account and can only be used to finance items of property, plant and equipment. The transfer is done in terms of a Council resolution (Number... dated...) as part of the budget process. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

**1.5.2 Capitalisation Reserve**

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from the Capitalisation Reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

**1.5.3 Government Grant Reserve**

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with MFMA Circular 18 issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

**1.5.4 Self-Insurance Reserve**

A Self-Insurance Reserve has been established and, subject to external re-insurance where, deemed necessary, covers claims that may occur.

The balance of the Self-Insurance Reserve is determined based on self-insurance surpluses accumulated since the reserves inception. These surpluses arose from the differences between transfers from the accumulated surplus against claims paid and various administrative expenditure incurred.

The balance of the Self-Insurance Reserve is fully cash backed and invested.

**1.5.5 Compensation for Occupational Injuries and Diseases (COID) Reserve**

Amounts are transferred to the COID Reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, (Act No. 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the Reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus.

**1.6 INVESTMENT IN MUNICIPAL ENTITY**

Investments in the municipal entity under the ownership control of the Municipality are carried at cost, less accumulated impairment losses, except when the investment is classified as held for sale (or included in a disposal group that is classified as held for sale), in which case it is accounted for under non-current assets held for sale. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of the investment using the equity method.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.7 PROPERTY, PLANT & EQUIPMENT**

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy (Refer to Accounting Policy 1.18). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. The present value of rehabilitation future costs to be capitalised to the asset. Provision is made for this obligation in accordance with the Municipality's Accounting Policy on non-current provisions (Refer Accounting Policy 1.15 on Provisions).

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

Land is not depreciated as it is regarded as having an infinite life.

Heritage assets are assets that are defined as culturally significant resources and are also not depreciated as they are regarded as having an infinite life and are shown at cost.

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<u>Infrastructure Assets</u>	<u>Year</u>
Roads, pavements, bridges	30
Street names, signs and	5
Water reservoirs and	15-20
Electricity reticulation	20-30
Sewerage purification and	15-20
Housing	30
Refuse sites	15
<u>Community Assets</u>	
Parks and gardens	10-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	20-30
Clinics	30
Fire services	30
Cemeteries	30
<u>Other Assets</u>	
Motor vehicles	4
Plant and equipment	2-15
Security measures	3-5
Buildings	30
IT equipment	3-5
Office equipment	3-10
Specialised vehicles	10

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.8 INTANGIBLE ASSETS**

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. (Refer to impairment of assets accounting policy 1.10).

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in the statement of financial performance as incurred.

**1.8.1 Computer software**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

	<u>Years</u>
Computer software	2-5
Website	2-5

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

**1.10 IMPAIRMENT OF FINANCIAL ASSETS**

**Impairments of non-financial assets**

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

**Impairment of monetary assets**

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, an cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

**1.11 LEASES**

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

**The Municipality as Lessee**

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment (policy 1.7). The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on their remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

**The Municipality as Lessor**

Amounts due from lessee under finance leases are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the cost of the asset is recognised as unearned finance income. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.12 FINANCIAL INSTRUMENTS**

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

**1.12.1 FINANCIAL ASSETS**

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

**1.12.1.1 Financial assets at fair value through profit and loss**

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the financial asset.

**1.12.1.2 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were not renegotiated.

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses (refer to impairment of assets accounting policy 1.10) as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

**1.12.1.3 Held-to-maturity investments**

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

**1.12.1.4 Available for sale assets**

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses (refer to impairment of assets accounting policy 1.10), are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

**1.12.2 FINANCIAL LIABILITIES**

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

**1.12.2.1 Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

**1.12.2.2 Other financial liabilities**

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.13 INVENTORIES**

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, clinic medicine and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first in first out method.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

**1.14 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**1.15 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

**1.16 EMPLOYEE BENEFITS**

**1.16.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

**1.16.2 Retirement benefits**

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

The Municipality belongs to a defined benefit joint retirement fund, which is administered on a provincial basis. It is not possible to determine the Municipality's share of the plan liabilities or plan assets and therefore the retirement benefit plan is accounted for as a defined contribution plan.

The joint fund is actuarially valued triennially on the projected unit credit method basis. Deficits identified are allocated on a proportional basis to all participating municipalities. The Municipality recognises its proportionate share as a liability, which is settled through lump sum payments or increased future contributions.

**1.16.3 Post employment medical care benefits**

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.17 REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable. Where extended payment terms are extended to ratepayers and consumers, revenue is measured at amortised cost using an appropriate discount rate, and interest income is calculated to take into account the interest income deemed to have been earned.

Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

**1.17.1 Revenue from exchange transactions**

**Service charges**

Service charges include revenue from the sale of electricity and water and revenue levied for refuse and sanitation services that are rendered by the Municipality.

Revenue from service charges is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and the amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

**Sale of goods**

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

**Rental of facilities and equipment**

Revenue from the rental of Municipal owned facilities and equipment is recognised on a straight-line basis over the period of the rental agreement.

**Interest**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

**Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

**1.17.2 Revenue from non-exchange transactions**

**Rates (including collection charges and penalty interest)**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

**Fines**

Revenue from fines is recognised when payment is received and the revenue from the issuing of spot fines and summonses is recognised when collected together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

**Government Grants**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.



**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**1.18 BORROWING COSTS**

Borrowing costs directly related to the acquisition or construction of qualifying assets where there is a considerable period of time before such assets are substantially ready for their intended use are added to the cost of those assets for such periods of time. Investment income earned on the temporary investment of specific borrowings prior to being used in the acquisition or construction of such assets is deducted from the borrowing costs eligible to be capitalised.

All other borrowings costs are recognised as an expense in the Statement of Financial Performance.

**1.19 VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the cash basis.

**1.20 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.21 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.22 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.23 COMPARATIVE INFORMATION**

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES TO FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009 R</b>	<b>2008 R</b>
<b>2. HOUSING DEVELOPMENT FUND</b>	<b>0</b>	<b>1 841 730</b>
Unappropriated Surplus	0	0
Loans estinguished by Government in April 1998	0	1 841 730
The Housing Fund is represented by the following asets and liabilities:		
Property, plant and equipment	0	652 294
Housing selling scheme loans	0	1 189 436
Bank and cash	0	0
<b>See Note 25 - Correction of Error</b>	<b>0</b>	<b>1 841 730</b>
<b>3. INTEREST BEARING BORROWINGS</b>		
Local Registered Stock loans	11 903 000	11 903 000
Annuity loans	54 625 443	64 555 096
	66 528 443	76 458 096
Less: Current portion transferred to current		
Local Registered Stock loans	( 3 000)	( 3 000)
Annuity loans	(7 786 175)	(9 586 847)
<b>Total Interest Bearing Borrowings</b>	<b>58 739 268</b>	<b>66 868 249</b>

Annuity loans of R46,918,198 are secured by investments of R20,017,416

**Finance Lease Liabilities**

The finance lease liabilities is secured by office equipment leased. The agreement does not provide for contingent rental payments.

Reconciliation between the total minimum lease payments and their present value

	<b>Up to 1 year R</b>	<b>1-5 years R</b>	<b>Total R</b>
2009			
Minimum lease payments	56 038	8 178	64 216
Finance cost	4 756	141	4 897
<b>Present value</b>	<b>51 282</b>	<b>8 037</b>	<b>59 319</b>
2008			
Minimum lease payments	100 464	64 217	164 681
Finance cost	13 545	4 897	18 442
<b>Present value</b>	<b>86 919</b>	<b>59 320</b>	<b>146 239</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES TO FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>3.1 CONSUMER DEPOSITS</b>		
Electricity	8 949 066	13 321 447
Water	403 570	553 272
Water - Concessionary	1 307 645	1 238 712
	<u>10 660 281</u>	<u>15 113 431</u>
Less: Current portion transferred to current liabilities	1 642 315	5 567 931
	<u>9 017 967</u>	<u>9 545 500</u>
No interest is paid on consumer deposits. The nominal value of consumer deposits is R16 228 213; (2008: R15 113 432).		
Guarantees held in lieu of electricity and water deposits	<u>1 762 410</u>	<u>1 852 935</u>
<b>4. TRADE AND OTHER PAYABLES</b>		
	<b>Non-Current</b>	<b>Current</b>
<b>30 June 2009</b>		
Trade creditors	-	64 181 267
Payments received in advance	-	29 861 541
Staff Leave	-	15 180 722
VAT	-	-
Operating lease equalising accrual	-	-
Other Creditors	-	47 895 363
Service contributions	-	3 303 211
Trust fund	-	606 165
Other deposits	-	355 345
Other suspense accounts	-	19 804 416
<b>Total Trade and Other Payables</b>	<u>-</u>	<u>181 188 029</u>
<b>30 June 2008</b>		
Trade creditors	-	53 646 661
Payments received in advance	-	22 216 155
Retentions	-	1 332 638
VAT	-	-
Staff leave	-	16 110 421
Operating lease equalising accrual	-	-
Service contributions	-	30 342 269
Other deposits	-	968 949
Other suspense accounts	-	20 856 156
Other	-	913 001
<b>Total Trade and Other Payables</b>	<u>-</u>	<u>146 386 250</u>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES TO FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
	2009 R	2008 R
<b>5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>5.1 Conditional Grants from other spheres of Government</b>	<b>410 217 900</b>	<b>233 990 145</b>
MIG Grants	3 596 400	15 416 812
Department of Water Affairs	20 250 451	2 381 380
Department of Energy	13 534 487	( 837 794)
Department of Sports and Recreation	224 451 392	157 883 913
Provincial	1 451 885	11 039 517
Taxi Disaster Fund - Nelspruit	26 246	24 927
Taxi Disaster Fund - White River	-	22 815
Public Transport Infrastructure Services	138 775 865	47 147 446
Provincial LED Projects	-	16 929
Ehlanzeni District Municipality	-	894 200
SA National Roads Agency (SANRAL)	6 245 684	-
Department of Roads and Transport	1 885 490	-
<b>5.2 Other Conditional Receipts</b>	<b>3 966 901</b>	<b>1 065 631</b>
SETA	313 765	1 065 631
HL Hall & Sons Property	3 653 136	-
<b>Total Conditional Grants and Receipts</b>	<b>414 184 801</b>	<b>235 055 776</b>

See note 16 for reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilized.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**6. PROPERTY, PLANT & EQUIPMENT**

	Land and Buildings R	Infrastructure R	Community Assets R	Heritage Assets R	Other Assets R	Total R
<b>Carrying values at 1 July 2008</b>	<b>60 253 885</b>	<b>697 825 029</b>	<b>456 346 774</b>	<b>77 918</b>	<b>39 700 357</b>	<b>1 254 203 963</b>
Cost	87 798 922	968 280 901	462 168 407	78 904	104 235 949	1 622 563 083
Accumulated depreciation – cost	(27 545 037)	(270 455 872)	(5 821 633)	( 986)	(64 535 592)	(368 359 120)
Acquisitions	11 019 770	214 349 058	419 656 625	0	34 085 294	679 110 747
Capital under construction	87 859	30 681 628	141 697	0	3 265	30 914 449
Depreciation – based on cost	(1 950 431)	(32 013 459)	( 844 481)	( 986)	(5 057 051)	(39 866 408)
Carrying value of disposals	( 957 358)	(1 129 891)	0	0	0	(2 087 249)
Cost	(1 446 247)	(1 602 493)	0	0	0	(3 048 740)
Accumulated depreciation	488 889	472 602	0	0	0	961 491
Other movements						0
<b>Carrying values at 30 June 2009</b>	<b>68 453 725</b>	<b>909 712 365</b>	<b>875 300 615</b>	<b>76 932</b>	<b>69 099 208</b>	<b>1 937 703 714</b>
Cost	97 460 304	1 211 709 094	881 966 729	78 904	138 691 851	2 329 906 882
Accumulated depreciation – cost	(29 006 579)	(301 996 729)	(6 666 114)	( 1 972)	(69 592 643)	(407 264 038)
Transfer - Intangible assets						(4 255 986)
Correction of error - Refer to Note 25						19 316 856

<b>Carrying values at 1 July 2007</b>	<b>61 432 771</b>	<b>607 898 677</b>	<b>211 311 547</b>	<b>78 904</b>	<b>28 333 009</b>	<b>909 054 908</b>
Cost	87 019 957	849 983 702	216 399 760	78 904	88 411 018	1 241 893 341
Accumulated depreciation – cost	(25 587 186)	(242 085 025)	(5 088 213)	-	(60 078 009)	(332 838 433)
Acquisitions	778 965	118 297 199	245 768 647	0	16 430 276	381 275 087
Capital under construction	0	0	0	0	0	0
Depreciation – based on cost	(1 957 851)	(28 370 847)	( 733 420)	( 986)	(4 757 823)	(35 820 927)
Carrying value of disposals	0	0	0	0	( 305 105)	( 305 105)
Cost	0	0	0	0	( 605 345)	( 605 345)
Accumulated depreciation	0	0	0	0	300 240	300 240
Other movements						0
<b>Carrying values at 30 June 2008</b>	<b>60 253 885</b>	<b>697 825 029</b>	<b>456 346 774</b>	<b>77 918</b>	<b>39 700 357</b>	<b>1 254 203 963</b>
Cost	87 798 922	968 280 901	462 168 407	78 904	104 235 949	1 622 563 083
Accumulated depreciation – cost	(27 545 037)	(270 455 872)	(5 821 633)	( 986)	(64 535 592)	(368 359 120)

Certain items of office equipment with a carrying value of R21 186 (2008: R29 512) are security for finance leases (refer note 3).

**Verification of Assets other than "Other Assets" (referred to as immovable assets)**

A process to verify and unbundle all immovable assets into components has commenced. External service providers have been appointed and as the date of issue of these annual financial statements and are undertaking a detailed verification and unbundling process. Until this process has been finalised, no adjustments can be made to the immovable asset balances previously recorded. As immovable assets have not been componentised, it is not possible to apply the requirements of GRAP 17 to these assets. Adjustments

**Verification of "Other Assets"**

The Municipality has verified its movable assets as at 30 June 2009. All movable assets have been bar-coded and valued as at 1 July 2008. Acquisitions to other assets have been recorded at historical cost and depreciated over their estimated useful lives, which have also been assessed as part of the verification process. It was not possible to undertake this verification for the comparative period and therefore no adjustments have been made to the comparative information.



**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**7. INTANGIBLE ASSETS**

	<b>Intangible R</b>	<b>Total R</b>
<b>Carrying values at 1 July 2008</b>	0	0
Cost	0	0
Accumulated amortisation	0	0
Correction of error - Refer Note 25	14 213 846	14 213 846
Cost		0
Accumulated amortisation		0
Acquisitions - externally	0	0
Under development	90 000	90 000
Amortisation	10 047 860	10 047 860
<b>Carrying values at 30 June 2009</b>	<b>4 255 986</b>	<b>4 255 986</b>
Cost	14 303 846	14 303 846
Accumulated amortisation	10 047 860	10 047 860
<b>Carrying values at 1 July 2007</b>	-	-
Cost	-	-
Accumulated amortisation – cost	-	-
Acquisitions - externally	-	-
Amortisation	-	-
<b>Carrying values at 30 June 2008</b>	-	-
Cost	-	-
Accumulated amortisation	-	-

The Municipality has verified its intangible assets as at 30 June 2009. All intangible assets have been identified and valued as at 1 July 2008. Acquisitions to intangible assets have been recorded at historical cost and depreciated over their estimated useful lives,

**8. INVESTMENT IN MUNICIPAL ENTITY**

	<b>2009</b>	<b>2008</b>
Mbombela Economic Development Agency		
	<b>R</b>	<b>R</b>
Investment at cost	-	-
<b>Total Carrying Value</b>	<b>-</b>	<b>-</b>

The Mbombela Economic Development Agency is a Service Utility established by way of a municipal by-law in accordance with the requirements of the Municipal Systems Act and operates within the Mbombela municipal area. The Service Utility does not have share capital. The Mbombela Economic Development Agency has been dormant since 2006. Council have plans to revive the Company and ensure it carries out the functions for which it was established.

	<b>2009</b>	<b>2008</b>
Issued Share Capital (R'000)	-	-
Percentage owned by Municipality (%)	100.00%	100.00%
Indebtness of Municipal Entities (R)	-	-
Dividend received (R)	-	-
Management fees received (R)	-	-
Administration fees received (R)	-	-
Management's valuation of investments in Municipal Entities	-	-

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**9. CONSUMER DEBTORS**

	<b>Gross Balance</b>	<b>Provision for bad debts</b>	<b>Net Balance</b>
<b>30 June 2009</b>			
Service Debtors			
Rates	75 933 128	(59 983 407)	15 949 721
Electricity	34 394 512	(11 737 592)	22 656 920
Water	42 721 627	(40 116 600)	2 605 027
Sewerage	9 124 932	(7 674 499)	1 450 433
Refuse	50 634 467	(47 514 287)	3 120 180
Interest on arrears	63 878 405	(62 780 852)	1 097 553
<b>Total</b>	<b>276 687 071</b>	<b>(229 807 238)</b>	<b>46 879 833</b>
	<b>Gross Balance</b>	<b>Provision for bad debts</b>	<b>Net Balance</b>
<b>30 June 2008</b>	296 749 520		
Service Debtors			
Rates	60 988 176	(40 726 538)	20 261 638
Electricity	21 254 718	(4 829 936)	16 424 782
Water	26 564 313	(20 631 946)	5 932 367
Sewerage	7 605 330	(5 940 429)	1 664 901
Refuse	40 755 308	(34 864 373)	5 890 935
Interest on arrears	48 874 634	(48 020 432)	854 202
<b>Total</b>	<b>206 042 479</b>	<b>(155 013 654)</b>	<b>51 028 825</b>
<b>Ageing of consumer debtors: Total</b>			
Current (0-30 days)		37 156 694	29 683 406
31–60 days		13 187 720	9 004 254
61–90 days		13 666 860	7 339 820
+90 days		212 675 797	160 014 999
<b>Total</b>		<b>276 687 071</b>	<b>206 042 479</b>
<b>Ageing of consumer debtors: Rates</b>			
Current (0-30 days)		10 772 862	10 267 890
31–60 days		3 306 726	2 972 994
61–90 days		3 608 080	2 348 577
+90 days		58 245 459	45 398 715
<b>Total</b>		<b>75 933 128</b>	<b>60 988 176</b>
<b>Ageing of consumer debtors: Electricity</b>			
Current (0-30 days)		16 954 661	12 062 648
31–60 days		3 790 083	1 992 357
61–90 days		2 789 856	1 202 161
+90 days		10 859 912	5 997 552
<b>Total</b>		<b>34 394 512</b>	<b>21 254 718</b>
<b>Ageing of consumer debtors: Water</b>			
Current (0-30 days)		3 005 245	2 355 768
31–60 days		2 092 952	1 257 264
61–90 days		3 730 147	1 163 024
+90 days		33 893 282	21 788 257
<b>Total</b>		<b>42 721 627</b>	<b>26 564 313</b>
<b>Ageing of consumer debtors: Sewerage</b>			
Current (0-30 days)		1 071 482	876 599
31–60 days		491 715	321 033
61–90 days		313 913	263 774
+90 days		7 247 822	6 143 924
<b>Total</b>		<b>9 124 932</b>	<b>7 605 330</b>



**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**Ageing of consumer debtors: Refuse**

Current (0-30 days)	3 148 807	2 671 531
31-60 days	1 355 549	1 188 726
61-90 days	1 235 908	1 037 793
+90 days	44 894 204	35 857 258
<b>Total</b>	<b>50 634 467</b>	<b>40 755 308</b>

**Ageing of consumer debtors: Interest**

Current (0-30 days)	2 203 636	1 448 970
31-60 days	2 150 696	1 271 880
61-90 days	1 988 955	1 324 491
+90 days	57 535 118	44 829 293
<b>Total</b>	<b>63 878 405</b>	<b>48 874 634</b>

**Consumer debtors per category**

	<b>Residential</b>	<b>Commercial</b>	<b>Government</b>
<b>30 June 2009</b>			
Current (0-30 days)	19 555 339	17 958 723	916 915
31-60 days	8 582 395	4 404 620	824 308
61-90 days	8 161 028	5 233 960	869 187
+90 days	169 187 614	57 846 094	3 255 579
	<b>205 486 376</b>	<b>85 443 397</b>	<b>5 865 989</b>

	<b>Consumers</b>	<b>Commercial</b>	<b>Government</b>
<b>30 June 2008</b>			
Current (0-30 days)	16 043 627	13 932 354	388 471
31-60 days	5 528 341	3 274 985	324 900
61-90 days	5 548 413	2 626 915	193 291
+90 days	142 070 449	41 779 487	754 875
	<b>169 190 830</b>	<b>61 613 741</b>	<b>1 661 537</b>

**Reconciliation of bad debt provision**

Balance at beginning of year	169 764 206	135 860 699
Contributions to provision	60 043 032	19 152 955
Bad debts recovered/(written off) against provision		
<b>Balance at year end</b>	<b>229 807 238</b>	<b>155 013 654</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

10.	LOANS AND RECEIVABLES	Non-Current	Current
	<b>30 June 2009</b>		
	Suspense accounts - Debtors	-	1 024 366
	Fire Brigade - Debtors		133 955
	Sundry General - Debtors		9 868 974
	Hire of Grounds - Debtors		1 292 257
	Airport - Debtors		125 933
	Service Contributions - Debtors		1 096 852
	Consumer instaments		7 541 126
	Indigents and abeyance		3 352
	Erven Debtors	277 559	4 444 271
	Housing debtors	974 883	1 095 818
	VAT	-	2 667 705
	Bad debt provisions - Other Debtors	-	(28 216 443)
	<b>Balance at year end</b>	<b><u>1 252 442</u></b>	<b><u>1 078 166</u></b>
	<b>30 June 2008</b>		
	Suspense accounts	-	5 674 630
	Service contributions	-	1 487 204
	Housing debtors	-	1 065 876
	Fire brigade	-	132 798
	Hire of grounds	-	1 229 396
	Airport	-	125 933
	Year-end adjustments	-	( 82 295)
	Sport loans	-	184 611
	Bursary loans	598 635	285 811
	Sundry	277 559	8 168 663
	Consumer instaments		10 226 750
	Indigents and abeyance		5 414 892
	Housing and Erven Debtors	39 283	4 833 304
	Stand Instalments		3 548 902
	VAT		21 260 045
	Bad debt provisions - Other debtors	-	(22 546 844)
	<b>Balance at year end</b>	<b><u>915 477</u></b>	<b><u>41 009 676</u></b>
	The housing and erven debtors are as a result of sale of houses and ervens to the public at an average interest rate of 13.30% per annum before the Municipal Finance Management Act came into effect		
11.	<b>INVESTMENTS</b>		
	<b>Held to Maturity Investments</b>		
	Fixed deposits	<u>20 017 416</u>	<u>17 684 242</u>
	<b>Total</b>	<b><u>20 017 416</u></b>	<b><u>17 684 242</u></b>
	Investments amounting to R9,026,515 are security for certain interest bearing borrowings as per Note 3.		
12.	<b>INVENTORIES</b>		
	Consumable stores - at cost	13 693 494	13 340 553
	Water - at cost	15 945	15 945
	Clinic medicine - at net realisable value	<u>49 190</u>	<u>49 190</u>
		<b><u>13 758 630</u></b>	<b><u>13 405 688</u></b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**13. CASH AND CASH EQUIVALENTS**

The municipality has the following bank accounts:

**Current account (primary bank account)**

Bank: ABSA Nelspruit  
Account number: 40-5321-5785

Cash book balance at beginning of year	31 384 611	29 007 836
<b>Cash book balance at end of year</b>	<b>50 651 120</b>	<b>31 384 611</b>
Bank statement balance at beginning of year	45 144 051	53 789 839
Bank statement balance at end of year	<b>56 608 129</b>	<b>45 144 051</b>

**Spiral Plan**

Bank: ABSA Nelspruit  
Account number: 90-6703-3766

Cash book balance at beginning of year	-	-
<b>Cash book balance at end of year</b>	<b>-</b>	<b>-</b>
Bank statement balance at beginning of year	3 833	-
Bank statement balance at end of year	<b>4 139</b>	<b>3 833</b>

**Saving Account**

Bank: ABSA Nelspruit  
Account number: 90-6916-6741

Cash book balance at beginning of year	-	-
<b>Cash book balance at end of year</b>	<b>-</b>	<b>-</b>
Bank statement balance at beginning of year	1 304	1 377
Bank statement balance at end of year	<b>1 282</b>	<b>1 304</b>

**Cheque Account (Housing)**

Bank: ABSA Nelspruit  
Account number: 40-5414-9088

Cash book balance at beginning of year	1 768 020	2 297 364
<b>Cash book balance at end of year</b>	<b>396 322</b>	<b>1 768 020</b>
Bank statement balance at beginning of year	1 762 196	1 764 580
Bank statement balance at end of year	<b>396 322</b>	<b>1 762 196</b>

**Cheque Account (Capital)**

Bank: ABSA Nelspruit  
Account number: 10-7016-6603

Cash book balance at beginning of year	399 689	372 581
<b>Cash book balance at end of year</b>	<b>399 689</b>	<b>399 689</b>
Bank statement balance at beginning of year	330 091	363 949
Bank statement balance at end of year	<b>-</b>	<b>330 091</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**Call Account (Water Deposits)**

Bank: ABSA Nelspruit  
Account number: 90-6983-8617

Cash book balance at beginning of year	1 238 712	1 230 402
<b>Cash book balance at end of year</b>	<b>1 307 645</b>	<b>1 238 712</b>
Bank statement balance at beginning of year	1 238 712	1 172 224
Bank statement balance at end of year	<b>1 307 645</b>	<b>1 238 712</b>

**Call Account (Grant funding)**

Bank: ABSA Nelspruit  
Account number: 90-6983-9003

Cash book balance at beginning of year	82 100	77 693
<b>Cash book balance at end of year</b>	<b>86 669</b>	<b>82 100</b>
Bank statement balance at beginning of year	82 100	77 693
Bank statement balance at end of year	<b>86 669</b>	<b>82 100</b>

**Call Account (Service contribution)**

Bank: ABSA Nelspruit  
Account number: 90-7568-1173

Cash book balance at beginning of year	18 443 214	12 498 150
<b>Cash book balance at end of year</b>	<b>23 449 108</b>	<b>18 443 214</b>
Bank statement balance at beginning of year	18 443 214	11 857 871
Bank statement balance at end of year	<b>23 334 597</b>	<b>18 443 214</b>

**Call Account (Taxi disaster)**

Bank: ABSA Nelspruit  
Account number: 91-2727-3547

Cash book balance at beginning of year	24 927	24 128
<b>Cash book balance at end of year</b>	<b>26 246</b>	<b>24 927</b>
Bank statement balance at beginning of year	24 927	24 128
Bank statement balance at end of year	<b>26 246</b>	<b>24 927</b>

**Call Account (2010 World Cup)**

Bank: ABSA Nelspruit  
Account number: 40-6774-2380

Cash book balance at beginning of year	157 957 900	71 871 561
<b>Cash book balance at end of year</b>	<b>226 972 492</b>	<b>157 957 900</b>
Bank statement balance at beginning of year	157 957 900	71 871 561
Bank statement balance at end of year	<b>226 972 492</b>	<b>157 957 900</b>

**Cheque Account (White River Disaster Fund)**

Bank: ABSA Nelspruit  
Account number: 40-5141-9472

Cash book balance at beginning of year	22 816	-
<b>Cash book balance at end of year</b>	<b>22 816</b>	<b>22 816</b>
Bank statement balance at beginning of year	22 815	-
Bank statement balance at end of year	<b>24 412</b>	<b>22 815</b>

**Call Account (Lottery Distribution Trust Fund MBOMBELA)**

Bank: ABSA Nelspruit  
Account number: 40-6856-1426

Cash book balance at beginning of year	-	-
<b>Cash book balance at end of year</b>	<b>1 100 000</b>	-
Bank statement balance at beginning of year	0	-
Bank statement balance at end of year	<b>1 100 000</b>	-

**Reconciliation:**

Bank balances - analysed above	304 412 108	211 321 989
Short-term investments	263 158 243	215 442 300
Petty cash	195 571	31 685
<b>Total Cash book balances</b>	<b>567 765 922</b>	<b>426 795 974</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**14. PROPERTY RATES**

Residential	56 613 434	50 167 167
Commercial	78 421 308	73 010 557
Government	17 276 307	15 963 946
Agricultural/farms	3 094 791	2 903 323

<b>155 405 840</b>	<b>142 044 993</b>
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**VALUATIONS**

	<b>R000's</b>	<b>R000's</b>
Residential	870 211 631	844 450 196
Commercial	480 531 178	481 318 900
Government	59 679 500	59 679 500
Agricultural	85 537 000	83 594 500
Farms	483 252 000	500 865 000
Exempt	511 457 169	471 110 274

<b>2 490 668 478</b>	<b>2 441 018 370</b>
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Valuations on land and buildings are performed every four years. The last valuation came into effect on (for example) 1 July 1999. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.4429 (2008: R0.4099) is applied to property valuations to determine assessment rates. Various rebates are granted to residential, business, industrial, agricultural, and state property owners based on the geographical area where the properties are situated. Rates are levied on an annual basis on property owners. Rates are levied on a monthly basis. Interest at 16.5% per annum (2008: 12.5%) is levied on outstanding rates. As per section 89 of the Municipal Property Rates Act, No. 6 of 2004, an application for the extension of the existing valuation was approved by the MEC for Corporative Governance and Traditional Affairs for the 2008/2009 financial year. The legislative complaint general valuation will be implemented from 01 July 2009.

**15. SERVICE CHARGES**

Sale of electricity	227 314 368	181 277 960
Sale of water	18 427 793	16 290 216
Refuse removal	38 305 600	34 741 711
Sewerage and sanitation charges	12 886 179	11 170 550

<b>296 933 941</b>	<b>243 480 437</b>
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**16. GOVERNMENT SUBSIDIES & GRANTS**

***Operating Grants***

	<b>179 798 446</b>	<b>161 950 512</b>
Equitable share	151 160 410	117 863 860
Finance Management Grant	500 000	500 000
Municipal Support Programme	735 000	734 000
SETA Grant	855 036	484 164
Water Services Grant	26 548 000	39 875 057
Health	-	2 100 000
Space Norwegian	-	75 000
Housing	-	318 431

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

<b>Capital Grants</b>	<b>591 565 780</b>	<b>327 682 162</b>
Municipal Infrastructure Grant	71 655 800	62 775 150
DWAF Grant	8 178 929	6 951 239
DME	35 785 513	2 052 924
2010 Stadium	371 967 808	240 186 651
2010 Stadium shortfall (Provincial)	0	-
Provincial Grants	62 150	3 053 644
S.A National Roads Agency	0	-
Department of Roads and Transport	0	-
Public Transport Infrastructure Services	103 915 580	9 662 554
Department of Agriculture and Land Affairs	-	3 000 000
<b>Total Government Grants &amp; Subsidies</b>	<b>771 364 226</b>	<b>489 632 674</b>
<b>Other Conditional Contributions</b>	<b>3 966 901</b>	<b>1 065 631</b>
SETA	313 765	1 065 631
HL Halls & Sons	3 653 136	0
<b>Total Government Grants, subsidies and contributions</b>	<b>775 331 127</b>	<b>490 698 305</b>
 <b>16.1 Equitable Share</b>	 151 160 410	 117 863 860
This grant is unconditional and is partially utilised for the indigent support through free basic services.		
 <b>16.2 Finance Management Grant</b>		
Balance unspent at beginning of year	1 449 008	2 585 814
Current year receipts	500,000	500 000
Conditions met – transferred to revenue	(1 251 067)	(1 636 806)
<b>Unspent amount transferred to liabilities</b>	<b>697 941</b>	<b>1 449 008</b>
The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met.		
 <b>16.3 Municipal Support Programme</b>		
Balance unspent at beginning of year	480 031	1 247 597
Current year receipts	735 000	734 000
Conditions met – transferred to revenue	(1 162 758)	(1 501 566)
<b>Unspent amount transferred to liabilities</b>	<b>52 273</b>	<b>480 031</b>
This grant was used to fund the Municipal Property Rates Rates Implementation process. The conditions of the grant were met.		
 <b>16.4 SETA Grant</b>		
Balance unspent at beginning of year	1 065 631	451 026
Current year receipts	-	614 605
Conditions met – transferred to revenue	( 751 866)	0
<b>Unspent amount transferred to liabilities</b>	<b>313 765</b>	<b>1 065 631</b>
This grant was used to fund training of municipal employees. The conditions of the grant were met.		
 <b>16.5 Water Services Grant</b>		
Balance unspent at beginning of year	0	0
Current year receipts	26 548 000	39 875 057
Conditions met – transferred to revenue	(26 548 000)	(39 875 057)
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>0</b>
This grant was used to fund the operating exepnses for the water schemes transferred to the municipality by DWAF. The conditions of the grant were met.		

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**16.6 Health Grant**

Balance unspent at beginning of year	0	0
Current year receipts	0	2 100 000
Conditions met – transferred to revenue	0	(2 100 000)
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>0</b>

This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.

**16.9 Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year	15 416 812	8 436 152
Current year receipts	62 212 000	65 851 542
Conditions met – transferred to revenue	(71 655 800)	(62 775 150)
Other adjustments	(2 376 612)	3 904 268
<b>Unspent amount transferred to liabilities (See Note 6)</b>	<b>3 596 400</b>	<b>15 416 812</b>

This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met and no funds have been withheld.

**16.10. DWAF refurbishment**

Balance unspent at beginning of year	2 381 380	572 569
Current year receipts	26 048 000	7 628 000
Conditions met – transferred to revenue	(8 178 929)	(6 951 239)
Other adjustments	0	1 132 050
<b>Unspent amount transferred to liabilities (See Note 6)</b>	<b>20 250 451</b>	<b>2 381 380</b>

The grant was utilised to construct water infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld.

**16.11 DME**

Balance unspent at beginning of year	( 837 794)	1 215 130
Current year receipts	29 500 000	0
Conditions met – transferred to revenue	(15 965 513)	(2 052 924)
Other adjustments	837 794	0
<b>Unspent amount transferred to debtors (See Note 6)</b>	<b>13 534 487</b>	<b>( 837 794)</b>

The grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld.

**16.12 2010 World Cup Stadium**

Balance unspent at beginning of year	157 881 973	72 371 107
Current year receipts	390 537 229	318 186 061
Conditions met – transferred to revenue	(371 967 808)	(240 186 651)
Other adjustments	0	7 511 456
<b>Unspent amount transferred to liabilities (See Note 6)</b>	<b>176 451 394</b>	<b>157 881 973</b>

The grant was utilised in the construction of a stadium for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**16.13 Provincial Grants**

Balance unspent at beginning of year	11 039 517	14 066 332
Current year receipts	2 943 497	7 781 259
Conditions met – transferred to revenue	(4 952 320)	(3 053 644)
Conditions met – transferred to revenue	( 62 150)	(5 507 324)
Other adjustments	(7 176 650)	(2 247 106)
<b>Unspent amount transferred to liabilities (See Note 6)</b>	<b>1 791 895</b>	<b>11 039 517</b>

The grant was utilised to instal roads, water and sewerage infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld.

**16.14 Public Transport Infrastructure Services**

Balance unspent at beginning of year	47 147 446	0
Current year receipts	170 544 000	55 000 000
Conditions met – transferred to revenue	(78 915 580)	(9 662 554)
Other adjustments	0	1 810 000
<b>Unspent amount transferred to liabilities (See Note 6)</b>	<b>138 775 866</b>	<b>47 147 446</b>

The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.

**16.15 Department of Agriculture and Land Affairs**

Balance unspent at beginning of year	0	0
Current year receipts	0	3 000 000
Conditions met – transferred to revenue	0	(3 000 000)
Other adjustments	0	0
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>0</b>

The grant was used for a specific development project. The conditions of the grant were met and no funds have been withheld.

**16.16 EDM**

Balance unspent at beginning of year	894 200	894 200
Current year receipts	20	0
Conditions met – transferred to revenue	0	0
Other adjustments	( 894 220)	0
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>894 200</b>

The grant was used to construct roads and water infrastructure. The conditions of the grant were met and no funds have been withheld.



**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**16.17 Sport**

Balance unspent at beginning of year	1 940	1 940
Current year receipts	0	0
Conditions met – transferred to revenue	0	0
Other adjustments	( 1 940)	0
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>1 940</b>

The grant was used to construct Nsikasi Sports Stadium. The conditions of the grant were met and no funds have been withheld.

**16.18 LED**

Balance unspent at beginning of year	16 929	16 929
Current year receipts	0	0
Conditions met – transferred to revenue	0	0
Other adjustments	( 16 929)	0
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>16 929</b>

The grant was used to promote SMME businesses within the municipal area in accordance with an approved business plan.

**16.19 2010 SOCCER WORLD CUP (PROVINCE)**

Balance unspent at beginning of year	0	0
Current year receipts	48 000 000	0
Conditions met – transferred to revenue	0	0
Other adjustments	0	0
<b>Unspent amount transferred to liabilities</b>	<b>48 000 000</b>	<b>0</b>

The grant to be utilised in the construction of a stadium for the 2010 World Cup. The conditions of the grant were not yet met.

**16.20 S.A NATIONAL ROADS AGENCY**

Balance unspent at beginning of year	0	0
Current year receipts	6 245 684	0
Conditions met – transferred to revenue	0	0
Other adjustments	0	0
<b>Unspent amount transferred to liabilities</b>	<b>6 245 684</b>	<b>0</b>

The grant to be used for a specific development project. The conditions of the grant were not yet met.

**16.21 DEPARTMENT ROADS & TRANSPORT**

Balance unspent at beginning of year	0	0
Current year receipts	1 885 490	0
Conditions met – transferred to revenue	0	0
Other adjustments	0	0
<b>Unspent amount transferred to liabilities</b>	<b>1 885 490</b>	<b>0</b>

The grant to be used for a specific development project. The conditions of the grant were not yet met.

**16.22 OTHER CONDITIONAL CONTRIBUTIONS - HL HALLS & SONS**

Balance unspent at beginning of year	0	0
Current year receipts	3 653 136	0
Conditions met – transferred to revenue	0	0
Other adjustments	0	0
<b>Unspent amount transferred to liabilities</b>	<b>3 653 136</b>	<b>0</b>

The grant to be used for a specific development project. The conditions of the grant were not yet met.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**17. PUBLIC CONTRIBUTIONS, DONATED AND CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT**

Donation Received: Mayoral Projects	6 233	0
DBSA	0	0
Natonal Lotto	0	0
	<b>6 233</b>	<b>0</b>

**18. INVESTMENT REVENUE**

Current account	4 094 581	2,979,181
External investments	37 172 829	30 121 700
	<b>41 267 409</b>	<b>33 100 881</b>

**19. OTHER REVENUE**

Building Control	6 443 273	190 672
Burial fees	417 777	0
Clearance Certificates	267 723	0
Concession fees	687 500	0
Sundry electricity income	3 352 640	2 318 348
Fire brigade services	11 734	0
Service Contribution	8 284 936	0
Sale of bulk water - Silulumanzi	11 545 378	0
Other sundry income	4 493 731	1 337 981
<b>Total other revenue</b>	<b>35 504 691</b>	<b>3 847 001</b>

**20. EMPLOYEE RELATED COSTS**

Employee related cost - Salaries and wages	148 731 521	124 562 512
Employee related cost - Social contributions	41 357 190	34 976 425
Travel, motor car, accomodation & other	12 249 465	9 899 839
Housing benefits and allowances	6 996 148	6 141 279
Overtime benefits	28 020 419	16 655 238
	<b>237 354 742</b>	<b>192 235 293</b>

There were no advances paid to employees.

**Municipal Manager**

Annual remuneration	620 672	545 777
Pension Contributions	135 599	122 887
Medical Aid Contributions	41 310	38 496
Motor vehicle and cell phone	123 584	112 840
	<b>921 166</b>	<b>820 000</b>

**Deputy Municipal Manager**

Annual remuneration	520 647	461 135
Pension Contributions	113 726	102 995
Medical Aid Contributions	36 522	34 308
Motor vehicle and cell phone	133 791	121 562
Other benefits or allowances	60 567	-
	<b>865 253</b>	<b>720 000</b>

**Chief Financial Officer**

Annual remuneration	590 351	365 324
Pension Contributions	129 290	58 228
Medical Aid Contributions	22 286	4 524
Motor vehicle and cell phone	80 147	91 500
Other benefits or allowances	22 296	-
	<b>844 370</b>	<b>519 576</b>

\*\*2007/08 The position of CFO was vacant for the period Jan - March 2008

**General Manager Technical**

Annual remuneration	453 952	404 235
Pension Contributions	98 653	88 703
Motor vehicle and cell phone	139 869	127 062
	<b>692 474</b>	<b>620 000</b>

**General Manager Community**

Annual remuneration	424 650	221 962
Pension Contributions	91 759	48 220
Medical Aid Contributions	18 816	13 257
Motor vehicle and cell phone	163 062	149 297
Other benefits or allowances	39 650	-
	<b>737 937</b>	<b>432 735</b>

\*\*07/08 Appointed October 2007

**General Manager Corporate**

Annual remuneration	439 191	389 465
Pension Contributions	94 830	85 517
Medical Aid Contributions	40 716	37 956
Motor vehicle and cell phone	117 769	107 062
	<b>692 505</b>	<b>620 000</b>

No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**21. REMUNERATION OF COUNCILLORS**

<b>Executive Mayor</b>	610 638	416 582
Annual remuneration	578 634	251 176
Pension Contributions	-	37 676
Medical Aid Contributions	-	14 400
Motor vehicle and cell phone	32 004	113 330

\*08/09 Remuneration of the Executive Mayor include backpay May and June 2008

\*\*07/08 Remuneration of Executive Mayor for the period June 2007 to April 2008

<b>Deputy Executive Mayor</b>	446 844	402 478
Annual remuneration	266 067	238 123
Pension Contributions	39 798	35 718
Medical Aid Contributions	17 280	17 280
Motor vehicle and cell phone	123 699	111 357

<b>Speaker</b>	360 084	402 478
Annual remuneration	222 168	238 123
Pension Contributions	30 436	35 718
Medical Aid Contributions	8 640	17 280
Motor vehicle and cell phone	98 840	111 357

\*The position of the Speaker was vacant for the period Jan 2009 to Mar 2009

<b>Chief Whip</b>	419 815	377 307
Annual remuneration	248 418	222 302
Pension Contributions	37 150	33 345
Medical Aid Contributions	17 280	17 280
Motor vehicle and cell phone	116 967	104 380

<b>Mayoral Committee members</b>	874 823	1 527 912
Annual remuneration	527 075	935 822
Pension Contributions	78 687	100 373
Medical Aid Contributions	25 381	61 002
Motor vehicle and cell phone	243 681	430 716

Due to Section 139(1)(b) of the Constitution provincial intervention, Mayoral committee was disbanded in April 2008 and re-established in March 2009.

<b>Councillors</b>	11 098 612	9 694 682
Annual remuneration	6 609 195	5 824 553
Pension Contributions	994 186	911 850
Medical Aid Contributions	272 805	162 209
Motor vehicle and cell phone	3 222 427	2 796 070
	<b>13 810 817</b>	<b>12 821 440</b>

**In-kind benefits**

The Executive Mayor, Speaker and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council.

The Executive Mayor has use of a Council owned vehicle and driver for official duties.

The Executive Mayor has one - full time bodyguard

**22. FINANCE COST**

Local Registered Stock loans	2 028 800	2 028 800
Annuity loans	7 449 285	8 856 251
Deferred interest	( 44 998)	
Interest on finance leases	( 86 919)	
	<b>9 346 168</b>	<b>10 885 051</b>

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**23. BULK PURCHASES**

Electricity	170 731 111	110 704 382
Water	4 791 949	4 942 872
	<b>175 523 060</b>	<b>115 647 254</b>

**24. GRANT AND SUBSIDIES PAID**

Animal Care : SPCA	198 126	209 717
	<b>198 126</b>	<b>209 717</b>

**25 CORRECTION OF ERROR: OTHER**

**25.1 Correction of errors : 30 June 2008**

During the year ended 30 June 2008 corrections were made and appropriated to the Accumulated Surplus Account. Details of the appropriations are as follows:

Raising of SETA refunds as a conditional grant in the year ended 30 June 2007. Seta refunds were classified as conditional grants but has been credited to revenue in the year ended 30 June 2007.

- 637 536

Audit fees relating to periods prior to 30 June 2007 were not accrued. Expenses were understated in these accpunting periods.

- 309 931

Suspense account balances were erroneously raised in the year ended 30 June 2002. This error was corrected by reversing the incorrect accrual.

- (4 589 274)

Expenditure was incorrectly recorded as capital under construction in the year ended 30 June 2005. The contract was cancelled. To correct this error, the capital under construction has been expensed.

- ( 203 564)

VAT inputs was not incorrectly accounted for with the associated transaaction in the same financial year. Expenses in the year ended 30 June 2007 are therefore understated. An adjustment was processed to correct this error in the appropriate financial year.

- 1 395 628

Explanation outstanding

- ( 426 800)

Explanation outstanding

- 4 584 809

**Net effect on surplus/(deficit) for the year**

**- 1 708 265**

(PORTION AFFECTING STATEMENT OF FINANCIAL PERFORMANCE)

(PORTION AFFECTING STATEMENT OF FINANCIAL POSITION)

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**25.2 Correction of errors : 30 June 2009**

Adjustments made to "Other Assets" arising from the verification and bar-coding of such assets. The correction of error relates to the difference between what was previously recorded and the new "Other Assets" fixed asset register. According to the transitional arrangements that have applied to municipalities, the adjustment made from establishing accurate asset values must be made against the accumulated surplus. Also refer to Note 10.

19 316 856

Adjustments made to intangible assets arising from the verification and coding of such assets. The correction of error relates to the difference between what was previously recorded and the new intangible assets register. According to the transitional arrangements that have applied to municipalities, the adjustment made from establishing accurate asset values must be made against the accumulated surplus. Also refer to Note 11.

Adjustments to cost

14 213 846

Adjustments to accumulated amortisation

(10 047 860)

The balance on housing development fund has been transferred to Capital Replacement Reserve

1 841 730

**26. CASH GENERATED FROM/(UTILISED IN) OPERATIONS**

**Net surplus for the year**

537 168 979 (372 523 029)

Adjustment for:

Correction of prior year error

93 583 748 723 806 874

Depreciation charges

39 725 915 35 820 927

Interest received

(41 267 409) (30 121 700)

Interest paid

9 433 087 10 885 051

Loss/(gain) on disposal

2 087 249 (1 489 395)

**Operating surplus before working capital changes**

**640 731 569 366 378 728**

Increase in inventories

( 465 964) (2 456 191)

(Decrease)/increase in consumer debtors

88 256 954 (9 103 132)

decrease in loans and receivables

18 936 162 15 864 551

(increase)/decrease in other receivables

(110 219 613) 22 580 148

Increase in conditional grants

180 194 657 136 391 659

Increase in trade payables

36 756 450 11 525 339

(Decrease)/ncrease in consumer deposits

(3 671 884) 1 140 042

(Increase)/decrease in VAT

**Net cash from operating activities**

**850 518 331 542 321 144**

**27. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

**27.1 Contribution to SALGA**

Council membership fees payable

993 216 836 966

Amount paid current year

( 993 216) ( 635 323)

**Balance unpaid (included in creditors)**

**- 201 643**

**27.2 Audit Fees**

Current year audit fee

1 893 261 1 528 464

Amount paid current year

( 564 219) ( 727 840)

**Balance unpaid (included in creditors)**

**1 329 043 800 624**

**27.3 VAT**

VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in notes 5. All VAT returns have been submitted by the due date throughout the year.

2 667 705 21 260 046

**27.4 Pay as You Earn (PAYE)**

Current payroll deductions

28 593 523 21 462 067

Amount paid current year

(28 593 523) (21 462 067)

**Balance unpaid**

**- -**

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**27.5 Unemployment Insurance Fund (UIF)**

Current payroll deductions	2 890 619	2 485 360
Amount paid current year	(2 890 619)	(2 485 360)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>

**27.6 Medical Aid**

Current payroll deductions	15 760 547	13 550 407
Amount paid current year	(15 760 547)	(13 550 407)
<b>Balance unpaid</b>	<b>-</b>	<b>13 550 407</b>

**27.7 Pension Fund**

Current payroll deductions	42 128 431	35 887 741
Amount paid current year	(42 128 431)	(35 887 741)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>

**28. 28 COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for

Infrastructure	282 245 376	254 460 134
Community	231 011 831	14 645
Other	127 324 193	1 637 105
	<b>640 581 400</b>	<b>256 111 884</b>

The expenditure will be financed from:

- Capital Replacement Reserve	224 997 394	23 173 417
- External Loans	78 885 847	9 225 886
- Government Grants	336 698 159	223 712 581
	<b>640 581 400</b>	<b>256 111 884</b>

**29. IRREGULAR, UNAUTHORISED AND WASTEFULL, FRUITLESS EXPENDITURE**

The below summary of irregular expenditure was incurred during the 2008/09 financial year

2009	
Description	Amount R

Youth Summit and excellence awards	1 114 900
Erroneous Payout of performance bonuses	510 416

The below summary of fruitless and wasteful expenditure was incurred during the 2008/09 financial year

Description	Amount R
-------------	-------------

Insurance excess for rented car partly insured	33 295
Salary payment to a dismissed employee	3 522

The below summary of unauthorised expenditure was incurred during the 2008/09 financial year

2008	
Description	Amount

Payment of Bonuses	721 368
Botmac PPP	498 750
Mass Containers	314 988
Fraudulent Overtime Payment	11 822
Rebuilding of KaNyamazane Stadium Wall/Hall	18 870

Absent from Office	Salary and benefits of incumbent for period 1/12/2007 until 30/03/2008
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Contract with Asset West Finance as ceded to INCA	9 987 644
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Payment of acting allowances	Acting allowances of a acting CFO, for seven days.
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**30. RESTATEMENT OF COMPARATIVE FIGURES**

Certain comparative amounts have been restated to better enable comparisons with the current year.

**31 POST BALANCE SHEET EVENTS**

- The Municipal Manager is still on suspension with full pay.
- Audit Committee Mr S Cousins was appointed on 15 July 2009 to replace Ms B Bando.

**MBOMBELA LOCAL MUNICIPALITY**  
**NOTES FOR THE YEAR ENDED 30 JUNE 2009**

**32. CONTINGENT LIABILITIES**

Parties	Nature of the claim & status report	Amount claimed R	Estimated contingent liability R	Estimated legal cost R
Botmac Mbombela (Pty) Ltd / MLM	Breach of contract based on failure to honour payment and loss of future income due to MLM's repudiation of the of public Private Partnership agreement. MLM has been advised to settle without prejudice and without admission of liability. Matter may be settled. the offer yet to be approved for settlement of the case is R 2 000 000.00	19 788 505 19 788 505 (2008)	Estimated between 2 000 000.00 and 6 000 000.00	500 000
Telegenix 655 Trading CC / MLM	Claim emanates from termination of a tender following a court order which set aside the award. Based on legal advice Council is defending the matter.	7 313 522 7 313 522 (2008)	280 000	120 000
GXZ Business Enterprises / MLM	Claim emanates from a fire that destroyed a business and stock. MLM's fire fighter allegedly failed or neglected to carry out their duty to extinguish the fire, rescue property etc. The breakdown of the fire truck was due to mechanical failure. No summons has been served. Claim referred to insurance for consideration	1 301 475 1 301 475 (2008)	2 000 000	570 000
Mdluli P / MLM	This application to interdict transfer of the land on which the 2010 world cup stadium is being constructed into MLM's name.	None	None	159 000
FP Prollius / V Sibiya / MLM	This claim emanates from a defamation related incident. MLM is alleged to be vicariously liable as the employee concerned was acting within the scope and cause of his employment at the time of the incident. A legal opinion obtain advises that MLM has a bona fide defence and should defend the case.	100000 100 000 (2008)	None	50 000
Bert Houy / MLM	Matter relates to placement of employees. The matter is being resolved by establishing a committee to look into whether the employees involved were properly placed.	None	None	50 000
Machaba M & Others / MLM	Claim for recovery of reasonable replacement costs of property demolished without a court order. Matter may be settled by public liability insurance. The insurer has repudiated cover. Following legal advice an offer has been made to the plaintiff. The amount offered is R 30 800 in full and final settlement	437 624 437 624 (2008)	40 000	6000
Ngala J / MLM	Employment placement / salary disparity dispute. Case has been partly settled	Retrospective payment from placement	1 000 000	80 000
MLM / Various officials	Payment of previous acting allowance / work done outside job descriptions. No legal costs - matter handled internally.	2 843 905	2 843 905	none

**2007**

- (1). Action was instituted against the Municipality by Telegenix 655 Trading CC in the amount of R7 313 522.36
- (2). Botmac Mbombela (Pty) Ltd claimed R19 million. Attorney's estimate of financial exposure (inclusive of costs and disbursements) is R6 000 000. Attorney's remarks: Matter may be settled.

**33. CONTINGENT ASSETS**

Parties	Nature of the claim & status report	Amount claimed R	Estimated contingent asset R	Estimated legal cost R
MLM / Morgan C	MLM is the plaintiff in this matter. MLM seeks an order to cancel sale of immovable property	None	None	42 000
Phelembe M / MLM	Enrichment claim against a former employee. The employee was paid a salary whilst absent without leave. The legal costs will be recovered from the former employee.	63 394	None	30 000
Africon / MLM	recovery of overpaid professional fees outside the budgetted amount and contrary to instructions. MLM is the claimant.	3 486 176	none	200 000

**Notes:**

Amount Claimed : represent the actual amount claimed as per summons or to be recovered from the third party (asset)  
Estimated Contingent liability : estimated liability of Council as matter may be settled or ordered  
Estimated Legal Cc represents the estimated legal costs to be incurred by Council to dispose of the matter

**APPENDIX A**  
**SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2009**

External Loans	Loan No.	Redeemable	Balance at 30 June 2008	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2009
			R	R	R	R	R
<b>INTEREST BEARING BORROWINGS</b>							
<b>Local Registered Stock</b>							
Stock Loan@ 11.60%	3	1976/2001	3 000	0	0	0	3 000
Stock Loan@ 17.20%	79A	30/06/2011	2 900 000	498 800	0	0	2 900 000
Stock Loan@ 17.00%	80A	30/06/2011	9 000 000	1 530 000	0	0	9 000 000
			<b>11 903 000</b>	<b>2 028 800</b>	<b>0</b>	<b>0</b>	<b>11 903 000</b>
<b>Annuity Loans</b>							
ABSA R14 350 000 @13.10%		2002/2012	8 496 629	1 022 339	0	1 558 523	6 938 106
Delta R1 000 000			769 139	0	0	0	769 139
DBSA R22 000 000 @15.50%		1998/2016	19 186 525	2 776 191	0	1 209 398	17 977 127
INCA R25 000 000 @ 10.50%		2005/2020	22 593 684	2 245 876	0	1 038 252	21 555 432
INCA R20 000 000 @ 16.43%		2000/2009	3 070 237	214 629	0	3 070 237	0
INCA R15 000 000 @12.61%		2001/2011	6 665 039	731 223	0	1 949 441	4 715 598
INCA R 8 300 000 @12.61%		2002/2011	3 773 843	414 030	0	1 103 802	2 670 041
			<b>64 555 096</b>	<b>7 404 288</b>	<b>0</b>	<b>9 929 653</b>	<b>54 625 443</b>
<b>TOTAL INTEREST BEARING BORROWINGS</b>							
			<b>76 458 096</b>	<b>9 433 088</b>	<b>0</b>	<b>9 929 653</b>	<b>66 528 443</b>
<b>Finance Leases :</b>							
Various	Various	Various	333 898	( 86 919)	0	0	420 817
<b>Correction of Error</b>						<b>( 361 498)</b>	<b>( 361 498)</b>
<b>Net-Finane Leases</b>			<b>333 898</b>	<b>( 86 919)</b>	<b>0</b>	<b>( 361 498)</b>	<b>59 319</b>
<b>Total External Loans</b>							
			<b>76 791 994</b>	<b>9 346 169</b>	<b>0</b>	<b>9 568 155</b>	<b>66 587 762</b>



**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009**

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Closing Balance	
	R		R	R	R	R	R	R	R	R
<b>LAND and BUILDINGS</b>	<b>87 798 922</b>	<b>11 019 770</b>	<b>87 859</b>	<b>1 446 247</b>	<b>97 460 304</b>	<b>27 545 037</b>	<b>1 950 431</b>	<b>488 889</b>	<b>29 006 579</b>	<b>68 453 725</b>
Civic land & buildings	16 969 239	0		235 500	16 733 739	1 980 283	385 413	55 247	2 310 450	14 423 289
Other land & buildings	70 829 683	11 019 770	87 859	1 210 747	80 726 565	25 564 754	1 565 018	433 642	26 696 130	54 030 436
<b>INFRASTRUCTURE</b>	<b>968 280 900</b>	<b>214 349 059</b>	<b>30 681 628</b>	<b>1 602 493</b>	<b>1 211 709 093</b>	<b>270 455 872</b>	<b>32 013 459</b>	<b>472 602</b>	<b>301 996 729</b>	<b>909 712 364</b>
Roads, pavements, bridges & stormwater	338 700 340	46 676 738	5 250 326		390 627 403	103 613 909	10 765 874		114 379 783	276 247 621
Water reservoirs & reticulation	452 420 651	28 902 287	13 872 052		495 194 989	137 118 362	14 072 012		151 190 374	344 004 615
Sewerage purification & reticulation	79 854 223	16 956 488	4 319 174		101 129 885	9 924 074	2 635 615		12 559 689	88 570 195
Car parks, bus terminals & taxi ranks	923 491	0			923 491	176 598	23 087		199 685	723 806
Electricity reticulation	61 233 298	65 740 842	5 489 098		132 463 238	10 922 592	2 903 449		13 826 041	118 637 197
Housing	2 418 044	0		1 602 493	815 551	629 526	16 311	472 602	173 235	642 316
Street lighting	5 694 911	0			5 694 911	2 071 819	271 001		2 342 820	3 352 091
Refuse sites	7 694 395	0	605 410		8 299 805	670 173	466 499		1 136 672	7 163 133
Other	19 341 547	56 072 705	1 145 568		76 559 820	5 328 819	859 611		6 188 430	70 371 390
<b>COMMUNITY ASSETS</b>	<b>462 168 408</b>	<b>419 656 625</b>	<b>141 697</b>	<b>0</b>	<b>881 966 730</b>	<b>5 821 633</b>	<b>844 481</b>	<b>0</b>	<b>6 666 114</b>	<b>875 300 616</b>
Establishment of parks & gardens	253 708 313	0			253 708 313	2 204 526	168 481		2 373 007	251 335 306
Sports fields	198 513 957	419 522 744	141 697		618 178 398	1 339 743	310 754		1 650 497	616 527 901
Community halls	1 360 764	71 731			1 432 495	421 300	34 042		455 342	977 153
Libraries	184 736	0			184 736	46 791	4 311		51 102	133 634
Recreational facilities	3 529 537	0			3 529 537	1 272 281	126 732		1 399 013	2 130 524
Clinics	27 816	0			27 816	27 815			27 815	1
Museums & art galleries	4 843 285	62 150			4 905 435	509 177	200 160		709 337	4 196 098
<b>HERITAGE ASSETS</b>	<b>78 904</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78 904</b>	<b>986</b>	<b>986</b>	<b>0</b>	<b>1 972</b>	<b>76 932</b>
Heritage Assets	78 904	0			78 904	986	986		1 972	76 932
									0	0
<b>OTHER ASSETS</b>	<b>104 235 949</b>	<b>34 452 637</b>	<b>3 265</b>	<b>0</b>	<b>138 691 851</b>	<b>64 535 592</b>	<b>5 057 051</b>	<b>0</b>	<b>69 592 643</b>	<b>69 099 208</b>
Other Motor Vehicles	40 953 610	8 472 373			49 425 983	29 597 691	1 877 444		31 475 135	17 950 848
Office Equipment	16 816 262	328 879			17 145 141	16 375 457	422 969		16 798 426	346 715
Markets	272 496	0			272 496	29 975	5 450		35 425	237 071
Security Measures	387 955	0			387 955	121 698	36 256		157 954	230 001
Other	36 251 207	18 379 851	3 265		54 634 323	17 041 316	1 911 176		18 811 999	35 822 324
Refuse	4 548 027	4 916 967			9 464 994	881 906	391 871		1 273 777	8 191 217
Fire	827 150	2 354 568			3 181 718	179 216	55 143		234 359	2 947 358
Conservancy	4 179 242	0			4 179 242	308 333	356 742		665 075	3 514 167
<b>SUB TOTAL</b>	<b>1 622 563 083</b>	<b>679 478 091</b>	<b>30 914 449</b>	<b>3 048 740</b>	<b>2 329 906 883</b>	<b>368 359 120</b>	<b>39 866 408</b>	<b>961 491</b>	<b>407 264 038</b>	<b>1 922 642 846</b>
Error Correction Note 25		(13 423 101)		0	(13 423 101)		46 966 216	(14 226 259)	32 739 957	19 316 856
<b>SUB TOTAL</b>	<b>1 622 563 083</b>	<b>666 054 990</b>	<b>30 914 449</b>	<b>3 048 740</b>	<b>2 316 483 782</b>	<b>368 359 120</b>	<b>86 832 624</b>	<b>(13 264 769)</b>	<b>440 003 994</b>	<b>1 941 959 701</b>
Less transfer to intangibles		14 213 846	90 000		14 303 846		2 788 592	7 259 268	10 047 860	4 255 986
<b>TOTAL</b>	<b>1 622 563 083</b>	<b>651 841 144</b>	<b>30 914 449</b>	<b>3 048 740</b>	<b>2 302 179 936</b>	<b>368 359 120</b>	<b>84 044 032</b>	<b>(20 524 037)</b>	<b>429 956 134</b>	<b>1 937 703 715</b>

**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance		
	R			R	R	R	R	R	R	R	
EXECUTIVE & COUNCIL	460 719 164	519 536 381	141 697	-	980 397 242 #	2 922 358	1 096 145	-	4 018 503	976 378 739	
Council General	713 713	-			713 713	414 756	7 034		421 790	291 923	
Executive Mayor & Councillors	1 089 173	-			1 089 173	733 075	113 400		846 475	242 698	
Municipal Manager	524 449	-			524 449	244 259	26 639		270 898	253 551	
Chief operations Manager	458 391 829	519 536 381	141 697		978 069 907	1 530 268	949 072		2 479 340	975 590 567	
		-			-						
FINANCE & ADMINISTRATION	30 604 322	14 557 267	87 859	3 048 740	42 290 708 #	17 969 869	2 440 252	961 491	19 448 631	22 842 078	
Chief Financial Officer	3 071 050	-			3 071 050	2 872 351	14 094		2 886 445	184 605	
Financial Planning	549 183	328 879			878 062	437 968	14 838		452 806	425 256	
Income and Revenue Management	2 615 415	168 484			2 783 899	1 771 664	35 491		1 807 155	976 744	
Debt Collection and Credit Control	1 266 122	-			1 266 122	1 265 018	214		1 265 232	890	
Information technology (Computer Service)	431 722	868 316			1 300 038	21 568	300 774		322 342	977 696	
Human resources	628 381	-			628 381	275 927	33 836		309 763	318 618	
Support Services	2 895 661	-			2 895 661	1 968 349	8 436		1 976 785	918 876	
Property services	18 292 878	13 281 588	87 859	3 048 740	28 613 585	8 598 686	2 029 800	961 491	9 666 996	18 946 590	
Administration & Legal Service	822 325	-			822 325	726 753	2 770		729 523	92 802	
Director Corporate Service Administration	31 585	-	-		31 585	31 585			31 585	0	
		-			-						
PLANNING & DEVELOPMENT	34 172 220	-	-	-	34 172 220 #	10 697 524	-	-	10 697 524	23 474 696 #	
Planning & development	20 813 846	-			20 813 846	7 097 002			7 097 002	13 716 844	
Technical & Civil Engineering	13 358 374	-			13 358 374	3 600 522			3 600 522	9 757 852	
		-			-						
ROAD TRANSPORT	373 257 016	36 788 586	-	-	410 045 602 #	120 665 395	12 405 442	-	133 070 837	276 974 766	
Vehicle licensing & testing	7 639 197	-			7 639 197	2 028 762	310 984		2 339 746	5 299 451	
Roads & stormwater	325 829 383	36 788 586			362 617 969	94 882 726	12 094 457		106 977 183	255 640 786	
Roads other	39 788 436	-			39 788 436	23 753 907			23 753 907	16 034 529	
		-			-						
HEALTH	707 233	-	-	-	707 233 #	539 561	55 986	-	595 547	111 686 #	
Health Services	707 233	-			707 233	539 561	55 986		595 547	111 686	
		-			-						
COMMUNITY & SOCIAL SERVICES	62 809 971	1 657 669	-	-	64 467 640 #	21 087 517	1 002 162	-	22 089 679	42 377 961	
Libraries & archives	2 525 308	62 150			2 587 458	327 554	144 267		471 821	2 115 637	
Museums & Art Galleries	12 809 026	71 731			12 880 757	3 681 601	284 652		3 966 253	8 914 504	
Community halls, Culture Centres & facilities	16 198 433	-			16 198 433	6 163 627	341 549		6 505 176	9 693 257	
Civic Centre	21 551 949	-			21 551 949	8 515 415			8 515 415	13 036 534	
Cemeteries & crematoriums	7 142 189	1 523 788			8 665 977	793 149	187 570		980 719	7 685 257	
Director Community Services	2 583 066	-			2 583 066	1 606 171	44 124		1 650 295	932 771	
		-			-						
PUBLIC SAFETY	24 086 854	11 944 101	3 265	-	36 034 220 #	13 408 405	1 011 653	-	14 420 058	21 614 162	
Fire & Rescue	7 918 434	3 625 572			11 544 006	4 190 376	312 509		4 502 885	7 041 121	
Public Safety Other	16 168 420	8 318 530	3 265		24 490 215	9 218 029	699 144		9 917 173	14 573 042	
		-			-						
ENVIRONMENTAL PROTECTION	-	-	-	-	- #	-	-	-	-	-	
Environmental Protection		-			-				-		
		-			-				-		
SPORT & RECREATION	14 522 835	-	433 023	-	14 955 858 #	2 347 710	303 887	-	2 651 597	12 304 261	
Sport & recreation	14 522 835	-	433 023		14 955 858	2 347 710	303 887		2 651 597	12 304 261	
		-			-						
WASTE WATER MANAGEMENT	133 916 331	16 119 130	-	-	150 035 461 #	42 616 850	4 596 840	-	47 213 690	102 821 771	
Sewerage	133 916 331	16 119 130			150 035 461	42 616 850	4 596 840		47 213 690	102 821 771	
		-			-						
WASTE MANAGEMENT	23 143 772	7 035 765	605 410	-	30 784 947 #	11 270 823	1 050 193	-	12 321 016	18 463 931	
Refuse & Solid waste	23 143 772	7 035 765	605 410		30 784 947	11 270 823	1 050 193		12 321 016	18 463 931	
		-			-						
HOUSING	7 643 634	-	-	-	7 643 634 #	2 438 176	148 743	-	2 586 919	5 056 715 #	
Housing	7 643 634	-			7 643 634	2 438 176	148 743		2 586 919	5 056 715	
		-			-						
OTHER	-	-	-	-	-	-	-	-	-	-	
Other		-			-				-		
		-			-				-		
WATER	289 153 911	41 279 091	24 154 096	-	354 587 098 #	50 184 189	8 716 588	-	58 900 777	295 686 321	
Water distribution	229 421 587	41 279 091	23 783 320		294 483 998	38 767 254	7 342 621		46 109 875	248 374 123	
Water Purification	59 732 324	-	370 776		60 103 100	11 416 935	1 373 967		12 790 902	47 312 197	
		-			-						
ELECTRICITY	167 825 818	30 470 102	5 489 098	-	203 785 018 #	72 210 744	7 038 515	-	79 249 259	124 535 759	
Electricity distribution	116 714 393	30 470 102	5 489 098		152 673 593	70 023 309	7 038 515		77 061 824	75 611 769	
Street lighting	51 111 425	-			51 111 425	2 187 435			2 187 435	48 923 990	
		-			-						
SUB TOTAL	1 622 563 081		30 914 449	3 048 740	2 329 906 881 #	368 359 121	39 866 406	961 491	407 264 037	1 922 642 845	
Error Correction Note 25		(13,423,101)	-	-	(13,799,826)		(46,966,216)	(14,226,259)	(32,739,957)	19,316,856	
		-			-						
TOTAL	1 622 563 081		30 914 449	3 048 740	2 316 107 056 #	368 359 121	(7 099 810)	(13 264 769)	374 524 080	1 941 959 700	
		-			-						
Less transfer to intangible assets		14,213,846	90,000		14,303,846		2,788,592	7,259,268	10,047,860	4,255,986	
		-			-						
ADJUSTED TOTAL	1,622,563,081		30,824,449	3,048,740	2,301,803,210 #	368,359,121	(9,888,402)	(20,524,037)	364,476,220	1,937,703,714	

**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

<b>2008 ACTUAL INCOME R</b>	<b>2008 ACTUAL EXPENDITURE R</b>	<b>2008 SURPLUS / (DEFICIT) R</b>		<b>2009 ACTUAL INCOME R</b>	<b>2009 ACTUAL EXPENDITURE R</b>	<b>2009 SURPLUS / (DEFICIT) R</b>
117,863,860	110,287,767	7,576,093	Executive & Council	155,975,405	115,978,933	39,996,472
202,476,843	118,000,026	84,476,817	Finance & Admin	232,586,319	116,671,042	115,915,277
6,823,413	16,512,803	(9,689,390)	Planning & Development	2,318,110	22,769,422	(20,451,312)
2,309,130	8,850,082	(6,540,952)	Health	-	-	-
251,138,695	38,636,166	212,502,529	Community & Social Services	417,268,774	37,373,543	379,895,231
59,044,011	93,959,904	(34,915,893)	Public Safety	80,878,828	115,532,556	(34,653,728)
		-	Sport & Recreation	-	-	-
58,190,074	82,599,067	(24,408,993)	Waste Management	59,761,541	83,676,203	(23,914,662)
34,404,211	45,499,424	(11,095,213)	Road Transport	29,394,791	62,399,927	(33,005,136)
85,379,149	81,042,881	4,336,268	Water	142,363,270	90,683,721	51,679,549
191,880,956	176,378,548	15,502,408	Electricity	275,453,639	217,879,911	57,573,727
1,009,510,342	771,766,668	237,743,674	Sub-Total	1,396,000,677	862,965,259	533,035,418
-	(134,710,321)	134,710,321	Less InterDepartment Charges			
<b>1,009,510,342</b>	<b>637,056,347</b>	<b>372,453,995</b>	<b>Total</b>	<b>1,396,000,677</b>	<b>862,965,259</b>	<b>533,035,418</b>

**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
<b>REVENUE</b>					
Property rates	155 405 840	159 242 682	(3 836 842)	(2.41)	
Service charges	296 933 941	309 233 128	(12 299 187)	(3.98)	
Rental of facilities and equipment	1 595 756	2 251 870	( 656 114)	(29.14)	The budget for rental of municipal flats was adjusted downwards when council alienated employees flats.
Interest earned – external investments	41 267 409	17 832 087	23 435 322	131.42	2010 Soccer stadium and other related projects unutilised grants invested
Interest earned – outstanding debtors	30 810 293	24 074 442	6 735 851	27.98	Due to increase on outstanding debts by R64 million. The municipality has appointed a debt collection agency which is remunerated based on performance.
Fines	4 556 526	5 374 282	( 817 756)	(15.22)	Inadequate traffic fines collection measures
Licenses & permits	4 605 117	3 429 500	1 175 617	34.28	Increase in number of applicants
Revenue for agency services	53 956 879	55 000 000	(1 043 121)	(1.90)	
Government grants & subsidies – operating	179 798 446	183 435 502	(3 637 056)	(1.98)	
Government grants & subsidies – capital	591 565 780	0	591 565 780	100%	Not budgeted due to nature of the grant
Public contributions, donated and contributed property, plant and equipment	6 233	0	6 233		
Other revenue	35 498 458	21 293 308	14 205 150	66.71	Sale of bulk water to Silulumanzi
Internal Transfers		7 889 155	(7 889 155)	(100.00)	The actual expenditure was offset against the respective cost centres' internal recoveries
<b>Total Revenue</b>	<b>1 396 000 677</b>	<b>789 055 956</b>	<b>606 944 721</b>	<b>76.92</b>	
<b>EXPENDITURE</b>					
Employee related costs	237 354 742	245 091 848	(7 737 106)	(3.16)	
Remuneration of councillors	13 810 816	13 924 569	( 113 753)	(0.82)	
Bad debts	102 296 729	34 582 508	67 714 221	195.80	Compliance with Grap standards on impairment and fairvalue of debtors
Collection costs	248 089	728 000	( 479 911)	(65.92)	Delay in the appointment of debt collection agencies
Depreciation	39 725 915	40 018 993	( 293 078)	(0.73)	
Repairs & maintenance	90 258 715	96 631 610	(6 372 895)	(6.60)	
Finance costs	9 346 168	18 523 366	(9 177 198)	(49.54)	No new loan was taken during 2008/09 financial year as anticipated
Bulk purchases	175 523 061	176 420 501	( 897 440)	(0.51)	
Grants & subsidies paid	198 126	264 460	( 66 334)	(25.08)	Payment of only one public benefit organisation (SPCA)
Contracted services	55 724 911	59 861 338	(4 136 427)	(6.91)	
General expenses	138 913 459	152 473 407	(13 559 948)	(8.89)	The following has contributed significantly to the increase: Audit fees, Consultation and Development, Insurance and telephone costs
Inter- departmental charges	0	142 497 169	(142 497 169)	(100.00)	The actual expenditure was offset against the respective cost centres' internal recoveries
Contribution to provisions	3 851 760	3 995 695	( 143 935)	(3.60)	
Transfers from provisions	(4 287 233)	(1 149 008)	(3 138 225)	273.12	Offset of annual depreciation.
Amounts charged out	0	(143 156 697)	143 156 697	(100.00)	The actual expenditure was offset against the respective cost centres' internal recoveries
<b>Total Expenditure</b>	<b>862 965 259</b>	<b>840 707 759</b>	<b>22 257 500</b>	<b>2.65</b>	
<b>Gains/(Loss) on sale of assets</b>	<b>( 37 213)</b>		<b>( 37 213)</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>532 998 205</b>	<b>(51 651 803)</b>	<b>584 650 008</b>		

**APPENDIX E (2)**  
**ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 5% versus budget
<b>EXECUTIVE &amp; COUNCIL</b>	<b>519,678,078</b>	<b>141,697</b>	<b>519,819,775</b>	<b>303,068,977</b>	<b>216,609,101</b>	<b>71.47%</b>	
Executive & Council	519,678,078	141,697	519,819,775	303,068,977	216,609,101	71.47%	
<b>FINANCE &amp; ADMINISTRATION</b>	<b>14,735,126</b>	<b>87,859</b>	<b>14,822,986</b>	<b>26,187,915</b>	<b>-11,364,929</b>	<b>-43.40%</b>	
Chief Financial Officer	-	-	-	-	-		
Financial Planning	328,879	-	328,879	587,714	-258,835		
Income and Revenue Management	168,484	-	168,484	-	168,484		
Information technology (Computer Service)	868,316	-	868,316	1,551,700	-683,384		
Property services	13,369,447	87,859	13,457,307	24,048,501	-10,591,194		
Administration & Legal Service	-	-	-	-	-		
<b>ROAD TRANSPORT</b>	<b>36,788,586</b>	<b>-</b>	<b>36,788,586</b>	<b>220,407,000</b>	<b>-183,618,414</b>	<b>-83.31%</b>	
Vehicle licensing & testing	-	-	-	-	-		
Roads & stormwater	36,788,586	-	36,788,586	220,407,000	-183,618,414		
Roads other	-	-	-	-	-		
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>1,657,669</b>	<b>-</b>	<b>1,657,669</b>	<b>30,476,000</b>	<b>-28,818,331</b>	<b>-94.56%</b>	
Libraries & archives	62,150	-	62,150	1,143,000	-1,080,850		
Museums & Art Galleries	71,731	-	71,731	1,318,000	-1,246,269		
Cemeteries & crematoriums	1,523,788	-	1,523,788	28,015,000	-26,491,212		
<b>PUBLIC SAFETY</b>	<b>11,947,366</b>	<b>3,265</b>	<b>11,950,631</b>	<b>52,515,000</b>	<b>-40,564,369</b>	<b>-77.24%</b>	
Fire & Rescue	3,625,572	-	3,625,572	15,931,954	-12,306,382		
Public Safety Other	8,321,795	3,265	8,325,060	34,016,046	-25,690,986		
<b>ENVIRONMENTAL PROTECTION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,567,000</b>	<b>-2,567,000</b>	<b>-100.00%</b>	
Environmental Protection	-	-	-	2,567,000	-2,567,000		
<b>SPORT &amp; RECREATION</b>	<b>433,023</b>	<b>433,023</b>	<b>866,047</b>	<b>866,047</b>	<b>-0</b>	<b>0.00%</b>	
Sport & Recreation	433,023	433,023	866,047	866,047	-0		
<b>WASTE WATER MANAGEMENT</b>	<b>16,119,130</b>	<b>-</b>	<b>16,119,130</b>	<b>250,723,000</b>	<b>-234,603,870</b>	<b>-93.57%</b>	
Sewerage	16,119,130	-	16,119,130	250,723,000	-234,603,870		
<b>WASTE MANAGEMENT</b>	<b>7,641,175</b>	<b>605,410</b>	<b>8,246,586</b>	<b>55,933,000</b>	<b>-47,686,414</b>	<b>-85.26%</b>	
Refuse & Solid waste	7,641,175	605,410	8,246,586	55,933,000	-47,686,414		
<b>WATER</b>	<b>65,433,187</b>	<b>24,154,096</b>	<b>89,587,283</b>	<b>230,142,000</b>	<b>-140,554,717</b>	<b>-61.07%</b>	
Water Distribution	65,062,411	23,783,320	88,845,732	228,237,019	-139,391,287		
Water Purification	370,776	370,776	741,551	1,904,981	-1,163,430		
<b>ELECTRICITY</b>	<b>35,959,200</b>	<b>5,489,098</b>	<b>41,448,298</b>	<b>178,088,000</b>	<b>-136,639,702</b>	<b>-76.73%</b>	
Electricity Distribution	35,959,200	5,489,098	41,448,298	178,088,000	-136,639,702		
Street Lighting	-	-	-	-	-		
<b>SUB-TOTAL</b>	<b>710,392,540</b>	<b>30,914,449</b>	<b>741,306,990</b>	<b>1,350,973,939</b>	<b>-609,808,647</b>	<b>-45.14%</b>	
Correction of Error	-13,799,826	-	-13,799,826	-	-13,799,826		
<b>TOTAL</b>	<b>696,592,715</b>	<b>30,914,449</b>	<b>727,507,164</b>	<b>1,350,973,939</b>	<b>623,466,775</b>		